

To: Bank of Shanghai (Hong Kong) Limited (the "Bank")

**APPLICATION FOR STANDBY LETTER OF CREDIT OR BANK GUARANTEE**

Please mark "X" as appropriate.

No. _____ (for Bank use only)
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Dear Sirs,

Date: \_\_\_\_\_

We request the Bank to issue at our risk in all respects:

- an irrevocable Standby Letter of Credit ("SBLC")
- a Bank Guarantee ("BG")

on the terms and conditions set out in this form:

- Full teletransmission
- Pick up at your counter
- Courier Service

In Favor of (" <b>Beneficiary</b> "): (Please insert full name and address)	For Account of (Applicant): (Please insert full name and address)
Amount and Currency:	Advising Bank: (If left blank, the Bank's Correspondent Bank)
Expiry Date and Place of Expiry  _____ Day/Month/Year  In <input type="checkbox"/> Hong Kong <input type="checkbox"/> Other (please specify): _____	

FOR HONOUR BY ACCEPTANCE OF DRAFTS DRAWN BY THE BENEFICIARY AT (TENOR) \_\_\_\_\_ ON THE BANK OR ITS CORRESPONDENT OR AGENT AT ITS OPTION OR THE BANK MAY WAIVE DRAFT REQUIREMENT.

Covering (brief description of subject matter or obligations to be covered by SBLC or BG):

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Documents required (please specify):

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All documents to be forwarded in one cover, by  airmail  courier service, unless otherwise stated in Special Instructions below.

All banking charges are for account of  the Beneficiary or  the Applicant

Special Instructions: \_\_\_\_\_

In case of queries, contact \_\_\_\_\_ of the Applicant via telephone No. \_\_\_\_\_

We agree and confirm that this application is subject to (i) the terms and conditions set out in this form; and (ii) the terms and conditions applicable to trade financing, and banking accounts and services generally as the Bank may specify from time to time, and we agree to be bound by them.

For Bank Use Only	AML List Checked	Signature Verified
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\_\_\_\_\_  
Authorized Signature(s) and Company Chop

**TERMS AND CONDITIONS FOR  
STANDBY LETTER OF CREDIT OR BANK GUARANTEE**

We, the Applicant, request Bank of Shanghai (Hong Kong) Limited (the "**Bank**") to issue the SBLC or BG described in this application and we agree and confirm that:

1. The Bank is under no obligation to accept this application. If the Bank accepts this application, any SBLC or BG issued by the Bank will be subject to the provisions of this application and these terms and conditions.
2. These terms and conditions supplement and form part of the terms and conditions applicable to trade financing, and banking accounts and services generally as the Bank may specify from time to time. In the case of inconsistency, these terms and conditions shall prevail to the extent of the inconsistency.
3. Unless these terms and conditions or subsequent amendments (if any) otherwise expressly provide, any SBLC or BG is issued by the Bank subject to the Uniform Customs and Practice for Documentary Credits, the International Standby Practices, the Uniform Rules for Demand Guarantee or other rules of the International Chamber of Commerce as applicable and are in effect at the time of issue of the relevant SBLC or BG.
4. We irrevocably and unconditionally authorise the Bank to make at any time and from time to time any and all payments and comply with any and all demands claimed or made under the SBLC or BG as long as in the Bank's opinion a claim or demand emanates from the Beneficiary and appears on its face to comply with the terms of the SBLC or BG. We expressly agree and confirm that:
  - (a) before paying or complying with any such claim or demand, the Bank is not required to (i) verify the identity or authority of the person or persons making such claim or demand on behalf of the Beneficiary or the authenticity of any signature on such claim or demand; (ii) require or obtain the original SBLC or BG or any evidence or proof that any amount claimed or demanded is due and payable to the Beneficiary; or (iii) make any reference to or obtain further authority from us;
  - (b) the SBLC or BG is a separate and independent obligation from the sales or other transaction to which the SBLC or BG relates ("**underlying transaction**"). The Bank is in no way concerned with or bound by the underlying transaction even if the underlying transaction is expressly mentioned in the SBLC or BG. Any payment made by the Bank in accordance with or purporting to be in accordance with the SBLC or BG and any act of the Bank in good faith shall be binding on us whether the relevant claim or demand was made by an unauthorized person and notwithstanding any counterclaim or defence which we may have against the Beneficiary;
  - (c) the interpretation by the Bank of the terms in the notices or documents presented to the Bank under the SBLC or BG shall be conclusive and binding on us;
  - (d) we shall not at any time question or challenge the validity or legality or otherwise of any payment made by the Bank or deny our liability in connection with this application or the SBLC or BG on the ground that any payment made by the Bank or any part of it was not due or payable under the SBLC or BG or on any other ground; and
  - (e) neither the Bank nor its agents or correspondents shall be responsible for the existence, description, quality, quantity, weight, condition, value, packing or delivery of any goods, or the correctness, accuracy, genuineness, authenticity, regularity, form, sufficiency, validity or legal effect of any statements, certificates, declarations or documents, drafts or bills of exchange presented or communicated under or in connection with the SBLC or BG ("**Documents**"), or any general or particular conditions stipulated in any Document or any delay or deviation from instructions relating to shipments. The Bank shall not be responsible for any goods, documents or items in its possession beyond the exercise of reasonable care in respect of such goods, documents or items. The Bank shall not be liable in any way for any loss of goods or Documents in transit.
5. In issuing or performing the SBLC or BG issued by the Bank, the Bank is not responsible for:
  - (a) performance or breach of any underlying transaction;
  - (b) act or omission of any other person appointed by the Bank, including any correspondent or agent of the Bank or any other person appointed by the Bank's correspondent or agent; or
  - (c) observance of law or practice other than the law and practice of Hong Kong Special Administrative Region ("**Hong Kong**").
6. We shall on demand:
  - (a) pay to the Bank an amount equal to each amount demanded of or paid out by the Bank in respect of the SBLC or BG (in the same currency as the amount demanded of or paid by the Bank and together with interest at the rate specified in Clause 7 below from the date of payment by the Bank up to the date that the relevant amount is actually received by the Bank in full);
  - (b) promptly and fully indemnify the Bank and its officers, employees, correspondents and agents and keep them fully indemnified against all actions, claims, demands and proceedings and against all costs, payments, bankers' charges, damages, taxes, expenses (including legal fees and out-of-pocket expenses on a full indemnity basis), liabilities and losses of whatever nature, that may be taken, made or threatened against them or sustained, suffered, incurred or paid by them or any of them in connection with or arising out of the Bank's issuance of the SBLC or BG or providing such other services or performing such other acts in connection with the SBLC or BG; and
  - (c) pay and reimburse the Bank for any amount owing by us to the Bank under or pursuant to (a) or (b) above at any time or any payments made or to be made by the Bank under or in connection with the SBLC or BG including commissions, interests and charges,and we expressly authorise the Bank to debit any account maintained by us with the Bank for any amount owing by us to the Bank at any time and from time to time.
7. Overdue amounts payable by us to the Bank under or in connection with this application or the SBLC or BG shall bear interest and be payable by us at such overdue interest rate equal to two percent (2%) per annum above the Bank's Base Rate (as specified in the relevant facility letter) or 1 month LIBOR (as selected by the Bank) or any other rate(s) as may be prescribed by the Bank from time to time both before and after judgment and shall be calculated on a daily basis and compounded both before and after demand or judgment according to the Bank's usual practice. Such interest shall continue to be charged until the Bank has irrevocably and unconditionally received in full all sums owing by us to the Bank.
8. Notwithstanding any instructions stipulated in this application, the Bank may if it considers appropriate, name, select, request or instruct any of its correspondents to issue the SBLC or BG and in that case we expressly agree and confirm that:
  - (a) the Bank is authorised to issue any counter-guarantee in such form and substance as the Bank may consider appropriate in favour of the correspondent for its issuance of the SBLC or BG;
  - (b) the Bank shall not be responsible or liable for any act, omission, loss or delay of forwarding documents or payments, default, error, negligence, suspension, insolvency or bankruptcy of its correspondent notwithstanding that the correspondent is selected by the Bank; and
  - (c) the Bank may pay to or receive from the correspondent any charges, fees, rebates or other payments in connection with its issuance of the SBLC or BG and the Bank is entitled to retain any amounts so received from the correspondent for its own benefit without having to account for or disclose them to us.
9. The provisions of Clause 8 above shall also apply if, at our request, the Bank requests or procures any of its correspondents to issue the SBLC or BG.
10. We undertake to examine the customer copy of the SBLC or BG to check its consistency with this application and irrevocably agrees that failure to give a notice of inconsistency or objection about the contents of the customer copy within 5 business days after the customer copy is sent to us shall be deemed to be our waiver of any rights to raise objections or pursue any remedies against the Bank in respect of the inconsistency.
11. We agree and acknowledge that it is our sole responsibility to (a) ensure clarity, enforceability or effectiveness of any terms or requirements incorporated in the SBLC or BG; and (b) comply with all applicable laws and regulations regarding the underlying transactions and obtain all necessary documents and approvals from any governmental or regulatory bodies and produce such documents or approvals to the Bank upon request. The Bank is not responsible for advising and has no duty to advise us on such issues or on any matters relating to the SBLC or BG or the underlying transactions. The Bank shall not be liable to us for any direct, indirect, special or consequential loss or damage, costs, expenses or other claims for compensation of any kind or nature which may arise out of such issues or matters, the SBLC or BG or the underlying transactions.
12. The Bank reserves the right, at its sole discretion and without notice to or consent from us, to amend the terms and conditions of the SBLC or BG or insert additional terms and conditions into it at any time as the Bank may consider appropriate.
13. We acknowledge that, where the SBLC or BG is transferable or assignable (whether expressly or impliedly) by the Beneficiary, the Beneficiary may transfer or assign the SBLC or BG or any benefit of it to any other person without the prior consent of or notice to the Bank. We authorise the Bank to satisfy claims or demands from any person who purports to be the transferee or assignee of the SBLC or BG without any obligation on the Bank to verify or enquire the legality or validity of the transfer or assignment.
14. If the SBLC or BG provides that the Beneficiary may transfer or assign the SBLC or BG or any benefit of it to any other person with our prior consent, we will obtain the written approval of the Bank before providing consent to the Beneficiary for such transfer or assignment.
15. Where the SBLC or BG expressly provides that the amount of the SBLC or BG may be reduced upon occurrence of prescribed events or circumstances, we agree that the Bank is not obliged to effect any reduction unless the Beneficiary has approved such reduction in writing.
16. Notwithstanding that we may claim that the SBLC or BG has been cancelled or terminated on the ground that the underlying transaction has been performed or on any other ground, we acknowledge and accept any decision by the Bank to obtain the Beneficiary's written confirmation for releasing the Bank's liabilities with respect to the SBLC or BG. We confirm that we remain liable to the Bank under these terms and conditions as long as the Bank remains liable to the Beneficiary in connection with the SBLC or BG. Instances where the Bank may make such decision include: (a) where the SBLC or BG is terminated prior to its stated expiry date, (b) where the SBLC or BG does not provide for an expiry date; (c) where the SBLC or BG does not specify the period after its stated expiry date within which the Beneficiary may make a claim or demand to the Bank; or (d) where the events or circumstances triggering early termination of the SBLC or BG may not be readily ascertainable by the Bank.
17. Should any Event of Default (as that term is defined in the relevant facility letter) occur (and we undertake to notify the Bank as soon as reasonably practicable if any Event of Default occurs), then at any time after the occurrence of an Event of Default:
  - (a) the Bank may by notice to us at any time declare all or any of our obligations and liabilities to the Bank in connection with this application or the SBLC or BG (whether present or future, actual or contingent, joint or several, secured or unsecured, primary or collateral) to be immediately due and payable;
  - (b) the Bank's obligation, if any, to give additional (or continue) credit or financial accommodation of any kind to us shall immediately terminate;
  - (c) subject to the consent of the Beneficiary where necessary, the Bank may cancel the whole or the unused balance of the SBLC or BG despite any expiry date specified in the SBLC or BG;
  - (d) the Bank may without prior notice to us sell any securities or other properties charged to or deposited with the Bank in connection with our obligations and liabilities to the Bank on such terms and at such time as the Bank may think fit and apply the net proceeds of sale in or towards discharge or satisfaction of all or any of our obligations and liabilities (whether present or future, actual or contingent, joint or several, secured or unsecured, primary or collateral) to the Bank;
  - (e) the Bank may apply or appropriate any monies now or after the date of this application standing to the credit of any of our accounts with the Bank and the Bank may debit any of our accounts with the Bank to satisfy all or any of our obligations and liabilities to the Bank and for such purposes the Bank may convert, at our cost and expense, at its rate quoted on the day of settlement any monies standing to the credit of any such account into any other currency;
  - (f) we shall pay to the Bank on demand cash cover in respect of the SBLC or BG in an amount equal to the Bank's maximum contingent liability in respect of the SBLC or BG. Such cash cover provided may at the Bank's option either (i) be held as continuing security for our obligations in connection with this application and the SBLC or BG or (ii) applied towards reducing the Bank's liabilities under the SBLC or BG. Only on the unconditional and irrevocable satisfaction of all of our obligations and liabilities in full under or in connection with this application or the SBLC or BG will the Bank be required to repay to us the balance of any cash cover or other collateral (if any) which is certified by the Bank to be the amount remaining after satisfaction of all our obligations and liabilities; and
  - (g) we shall pay to the Bank on demand a fee certified by the Bank to be equal to 2% per annum of its maximum contingent liability under the SBLC or BG, such fee to be calculated daily from the date that the relevant Event of Default occurs up to the day on which the Bank actually receives unconditional payment in settlement or satisfaction of all our obligations and liabilities in full.
18. We shall provide the Bank with cash or other collateral in such form and value as the Bank may require from time to time to secure the discharge of our obligations and liabilities to the Bank in connection with the SBLC or BG.
19. We undertake that our obligations and liabilities to the Bank in connection with the SBLC and BG shall remain in full force and effect until the Bank has been fully, absolutely and unconditionally released and discharged from its obligations and liabilities to the Beneficiary in connection with the SBLC and BG.
20. We will at our cost and expense and upon the Bank's request promptly and duly execute any document and take any action required by the Bank to give effect to these terms and conditions or the SBLC or BG.
21. Each of the rights, powers and remedies which the Bank may have in connection with this application and the SBLC or BG are additional to all other rights, powers and remedies given to the Bank under any other document or security now or from time to time held by or provide to the Bank or by law.
22. The Bank may resort for its own benefit to any other means of payment at any time and in any order it thinks fit without in consequence diminishing our liability in connection with the SBLC or BG. The Bank may enforce any of its rights or remedies under these terms and conditions either for the payment of the ultimate balance of our obligations and liabilities to the Bank after resorting to other means of payment or for the balance due at any time notwithstanding that other means of payment have not been resorted to or exhausted. In any case, we are not entitled to benefit from any other means of payment so long as our obligations and liabilities to the Bank remain outstanding in whole or in part.
23. This application and the SBLC or BG shall be governed by and construed in accordance with the laws of the Hong Kong. We irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong in case of any disputes in connection with this application or the SBLC or BG and irrevocably appoint the agent named below to accept service of any proceedings on our behalf before the courts of Hong Kong in connection with this application and the SBLC or BG. Name and address of the company incorporated in Hong Kong (if any) appointed to accept service\* \_\_\_\_\_  
Hong Kong.

[\*Complete unless the customer (if a company) is incorporated in Hong Kong or is a foreign company registered under section 333 of the Companies Ordinance of Hong Kong or (if a partnership, sole proprietorship or an individual(s)) is(are) ordinarily resident in Hong Kong.]